

UNIFIED SCHOOL DISTRICT NUMBER 368

Paola, Kansas

FINANCIAL STATEMENT
AND
INDEPENDENT AUDITOR'S REPORT

June 30, 2019

UNIFIED SCHOOL DISTRICT NUMBER 368

TABLE OF CONTENTS Year ended June 30, 2019

	<u>Statements</u>	<u>Page</u>
Independent Auditor's Report		1
Financial Statement		
Summary Statement of Receipts, Expenditures and Unencumbered Cash	1	3
Notes to Financial Statement		5
Required Regulatory Basis Supplementary Information	<u>Schedule</u>	
Summary of Expenditures – Actual and Budget	1	15
Schedule of Receipts and Expenditures – Actual and Budget		
General Fund	2a	17
Supplemental General Fund	2b	19
Adult Education	2c	21
Adult Supplementary Education	2d	22
At-Risk (K-12)	2e	23
Bilingual Education	2f	24
Virtual Education	2g	25
Capital Outlay	2h	26
Driver Training	2i	27
Food Service	2j	28
Professional Development	2k	29
Parent Education Program	2l	30
Special Education	2m	31
Vocational Education	2n	32
Kansas Public Retirement System	2o	33
Co-op Special Education	2p	34
Special Assessment	2q	35
Title I	2r	36
Title II A Teacher Quality Improvement	2s	37
Vocational Education - Carl Perkins	2t	38
Contingency Reserve	2u	39
Student Material Revolving	2v	40
Bond and Interest	2w	41
Construction	2x	42
Health Insurance	2y	43
Trust Type Funds	2z	44
Schedule of Receipts and Disbursements - Agency Funds	3	45
Schedule of Receipts, Expenditures & Unencumbered – District Activity Funds	4	48
Schedule of Receipts, Expenditures and Ending Balances - Endowment	5	50
Schedule of Expenditures of Federal Awards		52
Notes to Schedule of Expenditures of Federal Awards		53
Special Reports		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		55
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance		57
Schedule of Findings and Questioned Costs		59

INDEPENDENT AUDITOR'S REPORT

Board of Education
Unified School District Number 368

Report on Financial Statements

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Unified School District Number 368 of Paola, Kansas, as of and for the year ended June 30, 2019 and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note C to meet the financial reporting requirements of the State of Kansas; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

Basis for Adverse Opinion on: U.S. Generally Accepted Accounting Principles

As described in Note C of the financial statement, the financial statement is prepared by Unified School District Number 368 of Paola, Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note C and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis of Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Unified School District Number 368 of Paola, Kansas as of June 30, 2019, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of the Unified School District Number 368 of Paola, Kansas as of June 30, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note C.

Other Matters

Report on Supplementary Information

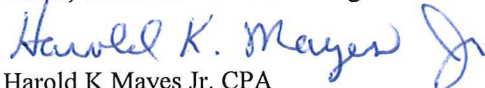
Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures - actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, schedule of regulatory basis receipts and expenditures - agency funds, schedule of regulatory basis receipts and expenditures - district activity funds and schedule of regulatory basis receipts and expenditures - endowment (Schedules 1, 2, 3, 4 and 5 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying Schedule of Expenditures of Federal Awards is also presented for purposes of additional analysis as required by *Title 2 U.S. code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note C.

Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2019 on our consideration of Unified School District Number 368's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unified School District Number 368's internal control over financial reporting and compliance.

Prior Year Comparative

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Unified School District Number 368 as of and for the year ended June 30, 2018 (not presented herein), and have issued our report dated September 20, 2018, which contained an unmodified opinion on the basic financial statement. The 2018 basic financial statements and accompanying report are not presented herein, but available in electronic form from the web site of the Kansas Department of Administration at the following link <http://www.admin.ks.gov/offices//chief-financial-officer/municipal-services>. The 2018 actual column (2018 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures - actual and budget for the year ended June 30, 2019 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2018 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statement. The 2018 comparative information was subjected to the auditing procedures applied in the audit of the 2018 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statement or to the basic financial statements itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2018 comparative information is fairly stated in all material respects in relation to the 2018 basic financial statement as a whole, on the basis of accounting described in Note C.



Harold K Mayes Jr. CPA
Agler & Gaeddert, Chartered
September 13, 2019

Unified School District Number 368
Paola, Kansas

SUMMARY OF CASH RECEIPTS, EXPENDITURES
AND UNENCUMBERED CASH
For the Year Ended June 30, 2018

	Beginning Unencumbered Cash and Investments	Prior Year Cancelled Encumbrances	Receipts	Expenditures
Governmental Type Funds				
General Funds				
General	\$ 0	\$ 0	\$ 12,999,412	\$ 12,999,412
Supplemental General	352,282	0	4,500,993	4,532,983
Special Purpose Funds				
Adult Education	11,374	0	271,280	271,280
Adult Supplementary Education	43,063	0	23,683	23,351
At Risk	817,281	0	1,151,973	1,183,541
Bilingual Education	31,987	0	12,912	12,912
Virtual Education	3,100	0	22,000	21,000
Capital Outlay	4,070,484	0	2,004,344	3,270,717
Driver Training	39,315	0	26,639	19,341
Food Service	434,438	0	863,214	925,122
Professional Development	151,862	0	36,747	32,475
Parent Education Program	13,715	0	283,342	283,342
Special Education	2,240,785	0	3,682,190	3,620,723
Vocational Education	999,412	0	623,478	628,905
Kansas Public Retirement System	0	0	1,485,924	1,485,924
Coop Special Education	1,646,088	0	15,896,281	16,071,548
Special Assessment	26,419	0	9	0
Title I	0	0	334,169	334,169
Title II A-Teacher Quality Improve	0	0	43,340	43,340
Vocational Education-Carl Perkins	0	0	32,414	32,414
Contingency Reserve	1,144,000	0	0	147,374
Student Material Revolving	555,280	0	155,297	320,736
Gate Receipts and User Charges	16,402	0	310,143	299,693
Bond & Interest Funds				
Bond and Interest	3,366,981	0	2,709,250	2,204,434
Business Type Funds				
Health Insurance	178,684	0	3,037,891	2,872,978
Trust Type Funds				
Expendable Trust Funds				
Scholarship and Other Trusts	121,211	0	74,788	46,727
Nonexpendable Trust Funds				
Scholarship	258,094	0	5,955	5,955
Related Municipal Entity				
Endowment Trusts	2,552,639	0	15,235	12,417
Total reporting entity (excluding agency funds)	\$ 19,074,896	\$ 0	\$ 50,602,903	\$ 51,702,813

The accompanying notes are an integral part of this statement.

Statement 1

Ending Unencumbered Cash and Investments	Add Encumbrances and Accounts Payable	Ending Cash and Investments		
\$ 0	\$ 88,987	\$ 88,987	Composition of ending cash and investments	
320,292	82,729	403,021	Demand Deposits	
11,374	22,202	33,576	First Option Bank	\$ 10,820,104
43,395	489	43,884	Citizens State Bank	6,383,274
785,713	12,881	798,594	Activity Fund Accounts	213,526
31,987	0	31,987		
4,100	0	4,100		
2,804,111	1,768,672	4,572,783	Time Deposits	
46,613	18,128	64,741	Landmark Bank	194,862
372,530	3,468	375,998	First Option Bank	10,000
156,134	0	156,134	First Option Bank	13,650
13,715	8,648	22,363	First Option Bank	30,322
2,302,252	0	2,302,252	First Option Bank	258,094
993,985	2,125	996,110		
0	0	0		
1,470,821	18,488	1,489,309	Less Agency funds per Schedule 3	(186,670)
26,428	0	26,428		
0	0	0		17,737,162
0	0	0		
0	0	0	Investments	
996,626	0	996,626	Stocks and Bonds of Endowment Trust	2,555,457
389,841	68,697	458,538		
26,852	0	26,852		
			Total cash and investments	\$ 20,292,619
3,871,797	0	3,871,797		
343,597	221,756	565,353		
149,272	363	149,635		
258,094	0	258,094		
<u>2,555,457</u>	<u>0</u>	<u>2,555,457</u>		
<u>\$ 17,974,986</u>	<u>\$ 2,317,633</u>	<u>\$ 20,292,619</u>		

The accompanying notes are an integral part of this statement.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2019

NOTE A. MUNICIPAL REPORTING ENTITY

Unified School District Number 368 is a municipal corporation governed by an elected seven member board. This financial statement presents the Unified School District Number 368 (the municipality). The financial statement includes the municipality and a related municipal entity known as the Endowment.

The Unified School District Number 368 Endowment governing board is a volunteer group. The Endowment receives donations from the public and disburses these funds to eligible students from Paola High School.

NOTE B. REGULATORY BASIS FUND TYPES

The accounts of the District are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The District potential could have the following types of funds.

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Funds – used to account for the proceeds of specific tax levies and other specific revenues sources (other than Capital Project and tax levies for long-term debt) that are intended for specific purposes.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and used to make payments of general long-term debt.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund – funds financed in whole or part by fees charged to users of goods or services (i.e. enterprise and internal service funds etc.).

Trust Funds – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency Funds – funds used to report assets held by the municipal reporting entity in purely a custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

NOTE C. BASIS OF ACCOUNTING

Regulatory Basis of Accounting and departure from Accounting Principles Generally Accepted in the United States of America - The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligations against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt assignment to a fund, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than mentioned above. Unified School District Number 368 has approved a resolution that it is in compliance with K.S.A. 75-1120a (c) waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2019

NOTE D. BUDGETARY INFORMATION

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget.
3. Public hearing after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Adjustment to Comply with Legal Max – Unified school districts use this line item (for use in the budget column only) to adjust the certified budget to comply with the “Legal Max” budget. The State Board of Education calculates the “Legal Max” budget using enrollment figures. The District’s budgeted expenditures are limited to the lower of the published budget or the “Legal Max” budget.

Adjustment for Qualifying Budget Credits – Municipalities may use this line item for any budgeted fund. The adjustment would be a positive amount. All budget adjustments must be authorized by Kansas statutes. Examples include: expenditure of federal grant monies, gifts and donations, and receipts authorized by law to be spent as if they were reimbursed expenses.

All legal annual operating budgets are prepared using the regulatory basis of accounting in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year’s accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for the following special purpose funds, capital project funds, business funds and trusts:

Title I
Title II A
Vocational Education – Carl Perkins
Contingency Reserve
Student Materials Revolving
Health Insurance

Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing board.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2019

NOTE E. DEPOSITS AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in certificates of deposit and other authorized investments. Earnings from these investments are allocated to designated funds. All investments are stated at cost.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the District or in an adjoining District if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices. The District rates investments (if any) as noted.

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. There were no designated "peak periods" during the year. All bank deposits were legally secured at June 30, 2019.

At June 30, 2019, the carrying amount of the District's bank deposits was \$17,923,883 and the bank balance was \$19,972,962. The bank balance was held by four banks reducing concentration risk. The difference between carrying amount and bank balance is outstanding checks and deposits. Of the bank balance, \$696,094 was covered by federal depository insurance and \$25,188,885 was collateralized with securities held by the pledging financial institution's agents in the District's name.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments be adequately secured.

Concentration of credit risk - State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District had the following investments and maturities as of June 30, 2019. Fair value is based upon quoted market values:

The Unified School District Number 368 Endowment has bank deposits of \$48,907 and the bank balance was \$167,335. The difference between carrying amount and bank balance is outstanding checks and deposits. The balance was held by one bank which increases concentration risk. Of the bank balance \$167,335 was covered by federal depository insurance.

Concentration of credit risk – Endowment investment policy places no limit on the amount the Endowment may invest in any one issuer. The Endowment had the following investments and maturities as of June 30, 2019. Fair value is based upon quoted market values:

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2019

NOTE E. DEPOSITS AND INVESTMENTS - continued

Investments - Endowment Investment Type	Cost	Fair Value	Investment Maturities		Percent of Investment	Rating U.S.
			Less than 1	2 yrs or more		
Money Market	\$ 336	\$ 1,279	\$ 1,279	\$ 0	0.001	N/A
Bonds	66,507	12,334	0	12,334	0.005	S&P A-1+
Stocks	7,948	70,965	70,965	0	0.028	S&P A-1+
Mutual funds	2,020,081	2,421,972	2,421,972	0	0.966	S&P A-1+
Total	\$ 2,094,872	2,506,550	\$ 2,494,216	\$ 12,334	1.000	
Cash Balance		48,907				
Total		\$ 2,555,457				

NOTE F. IN-SUBSTANCE PAYMENTS

The District received \$635,961 for general fund and \$146,663 for supplemental general fund subsequent to June 30, 2019 and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2019.

NOTE G. CAPITAL PROJECTS

There were no capital projects in process for year ended June 30, 2019

NOTE H. LONG-TERM DEBT

General Long-Term Debt

Long-term obligations consisted of the following during the year:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds:				
Series 2012	1% to 2.2%	06/26/12	3,460,000	09/01/18
Series 2014	2% to 5.00%	06/05/14	18,225,000	09/01/28
Series 2016	3%to 4%	11/30/16	6,975,000	09/01/26
Series 2017	3.00%	03/30/17	4,710,000	09/01/26

Changes in long-term liabilities for the Unified School District Number 368 for the year ended June 30, 2019 were as follows:

	Beginning Balance	Additions	Reductions/ Payments	Net Change	Ending Balance	Interest Paid
General Obligation Bonds:						
Series 2012	\$ 145,000	\$ 0	\$ 145,000	\$ (145,000)	\$ 0	\$ 1,572
Series 2014	5,315,000	0	1,100,000	(1,100,000)	4,215,000	147,712
Series 2016	6,975,000	0	225,000	(225,000)	6,750,000	241,925
Series 2017	4,710,000	0	205,000	(205,000)	4,505,000	138,225
	\$ 17,145,000	\$ 0	\$ 1,675,000	\$ (1,675,000)	\$ 15,470,000	\$ 529,434

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2019

NOTE H. LONG-TERM DEBT - continued

General Long-Term Debt - continued

Current maturities of long-term debt and interest for the next five years and in five year increments through the maturity are as follows:

		<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2024-2028</u>	<u>Total</u>
Principal								
G. O. bonds	\$	1,715,000	\$ 1,770,000	\$ 1,825,000	\$ 1,880,000	\$ 1,925,000	\$ 6,355,000	\$ 15,470,000
Interest								
G. O. bonds		<u>481,512</u>	<u>426,063</u>	<u>372,137</u>	<u>310,163</u>	<u>240,412</u>	<u>307,282</u>	<u>2,137,569</u>
Total principal								
& interest	\$	<u>2,196,512</u>	<u>2,196,063</u>	<u>2,197,137</u>	<u>2,190,163</u>	<u>2,165,412</u>	<u>6,662,282</u>	<u>17,607,569</u>

The District is subject to the municipal finance laws of the State of Kansas which limits the net bonded debt (exclusive of revenue bonds and special assessment bonds) the District may have outstanding to 14% of the assessed value of all tangible taxable property within the District, as certified to the County Clerk on the preceding August 25. Additional authority may be granted by the Kansas State Board of Education. At June 30, 2019, the statutory limit for the District was \$20,881,386. As of June 30, 2019 the District is under the debt margin by \$5,411,386. The District has defeased debt of \$15,235,000 for 2014 debt issue as of June 30, 2018.

Operating Leases

The District conducts a portion of its operations utilizing leases for copiers. Lease terms expire at various times. Current year rental payments under operating leases were \$19,360. Minimum future rental payments under operating leases as of June 30, 2019 are \$19360. There are no subsequent payments.

NOTE I. INTERFUND TRANSFERS

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Special Education	K.S.A. 72-6428	\$ 2,238,961
General Fund	Vocational Education	K.S.A. 72-6428	6,695
General Fund	Professional Development	K.S.A. 72-6428	10,000
General Fund	At-Risk (K-12)	K.S.A. 72-6428	742,083
General Fund	Virtual Education	K.S.A. 72-6428	22,000
General Fund	Bilingual	K.S.A. 72-6428	8,247
Supplemental General Local Option	Parent Education	K.S.A. 72-6433	26,340
Supplemental General Local Option	Special Education	K.S.A. 72-6433	1,364,415
Supplemental General Local Option	Vocational education	K.S.A. 72-6433	581,289
Supplemental General Local Option	Professional Development	K.S.A. 72-6433	22,000
Supplemental General Local Option	At-Risk (K-12)	K.S.A. 72-6434	409,890

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2019

NOTE J. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Health Insurance

During the year ended June 30, 2019, employees of the District were covered by the District's medical self-insurance plan ("the plan"). The plan was established October 1, 2004. The District's contribution is \$400 per month for a single policy up to \$450 per month for a family policy per employee. All District employees, at their option, can authorize payroll withholdings to pay non-District provided contributions. Claims are paid by a third party administrator acting on behalf of the District. The plan is documented by contractual agreement.

The administrative contract between the District and the third party administrator is renewable annually and stop-loss premiums are included in the contractual provisions. The District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through a commercial insurer licensed and eligible to do business in Kansas in accordance with Kansas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$95,000 and for aggregate loss, which is limited to \$1,000,000 annually. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Liabilities are reported when it is probable that claims have been incurred and the amount of liability can be reasonably estimated. Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources. The IBNR has not been recorded in the Health Insurance Fund

	<u>2019</u>
Unpaid Claims, July 1	\$ 558,278
Incurred claims (including IBNR's)	2,380,235
Claim payments	<u>2,716,757</u>
Unpaid claims, June 30	<u>\$ 221,756</u>

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retiree's health insurance plan because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been qualified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Flexible Benefit Plan (I.R.C. Section 125)

The District adopted by resolution a salary-reduction flexible benefit plan (Plan) under section 125 of the Internal Revenue Service Code. All employees of the District are eligible to participate in the plan beginning the first day of the month following their employment. Each participant may elect to reduce his or her salary to purchases benefits offered through the Plan. Currently, benefits offered through the Plan include health insurance, dependent care coverage and medical reimbursement.

Compensated Absences

The District's policy is to recognize the cost of compensated absences when actually paid. The District's policies regarding sick pay permits employees to accumulate sick leave of 12 days per year or one day per month for those employees whose contract is for 10, 11, or 12 months up to a total accumulation of 100 days. Upon retirement at age 62 (or at age 60 with at least 12 years of experience within the District), certified and classified personnel will be

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2019

NOTE J. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS – continued

Compensated Absences – continued

paid for the unused sick leave at the rate of \$65 per day. The District's policy also requires reimbursement to staff of \$65 per day for each day over the 100 days at the end of the school year.

The costs of accumulated sick leave are not recorded at the time the benefits are accrued. At June 30, 2019 the District paid sick leave pay for employees who will be 62 or older on or before June 30, 2019 or have accumulated in excess of 100 days in the amount of \$72,515.30. The District has not estimated the dollar amount of accumulated sick leave pay for any other group of employees.

Death and Disability Other Post Employment Benefits

As provided by K.S.A 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended June 30, 2019.

NOTE K. DEFINED BENEFIT PENSION PLANS

Plan description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A 74-4901, et. seq. Kansas Law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www/kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A 74-49.210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 16.38% and 12.01%, respectively, for the fiscal year ended

June 30, 2018. The actuarially determined employer contribution rate and the statutory contribution rate was 14.59% and 13.21% for the fiscal year ended June 30, 2019.

Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64,130,234 for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulated that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year. The first year payment of \$6.4 million was received in July 2017.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2019

NOTE K. DEFINED BENEFIT PENSION PLANS – continued

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contributions were decreased by \$194,022, 683 for the fiscal year ended June 30, 2019. Section 56(19) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million per year.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District

received and remitted amounts equal to the statutory contribution rate, which totaled \$1,485,924 for the year ended June 30, 2019.

Net Pension Liability

At June 30, 2018, the District's proportionate share of the collective net pension liability reported by KPERS was \$31,081,734. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2018. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of KPERS collective net pension liability to all participating employers are publically available on the website at www.kpers.org or can be obtained as described above.

NOTE L. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Settlement of claims has not exceeded commercial insurance coverage in any of the last three fiscal years.

NOTE M. OTHER INFORMATION

Reimbursed Expenses

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursement as revenue in the same fund. For purposes of budgetary comparisons, the reimbursements are shown as adjustments for qualifying budget credits.

Ad valorem tax revenues

The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. One-half of the property taxes are due December 20, and distributed to the District by January 20. The second half is due May 10 and distributed to the District by June 5. The District Treasurer draws other available funds from the County Treasurer at designated times throughout the year.

Unified School District Number 368
Paola, Kansas

NOTES TO FINANCIAL STATEMENT
For year ended June 30, 2019

NOTE M. OTHER INFORMATION – continued

Compliance with Kansas Statute

The District is not aware of any violations.

Contingencies

The District receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable fund.

However, in the opinion of management, any such disallowed claims will not have a material effect on the financial statement of the District at June 30, 2019.

NOTE O. SUBSEQUENT EVENTS

Subsequent Events: The District evaluated subsequent events through September 13, 2019, the date the financial statement was available to be issued. The District did not consider any events of such significance as to require disclosure.

**Required Regulatory Basis
Supplementary Information**

Unified School District Number 368
Paola, Kansas

SUMMARY OF EXPENDITURES-ACTUAL AND BUDGET
BUDGETED FUNDS
For the year ended June 30, 2019

	Certified Budget	Adjustment to Comply with Legal Max
General Funds		
General Fund	\$ 13,439,236	\$ (522,315)
Supplemental general local option	4,687,255	(154,272)
Special Purpose Funds		
Adult education	277,160	0
Adult supplementary education	82,563	0
At risk	1,709,516	0
Bilingual education	55,311	0
Virtual Education	88,100	0
Capital outlay	4,999,314	0
Driver training	72,245	0
Food service	1,429,704	0
Professional development	208,112	0
Parent education program	292,881	0
Special education	4,430,851	0
Vocational education	1,100,564	0
Kansas Public Retirement System	3,737,198	0
Co-op special education	17,181,366	0
Special assessment	26,418	0
Bond & Interest Funds		
Bond and interest	2,204,434	0

See Independent Auditor's Report.

Schedule 1

Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
\$ 82,491	\$ 12,999,412	\$ 12,999,412	\$ 0
0	4,532,983	4,532,983	0
0	277,160	271,280	(5,880)
0	82,563	23,351	(59,212)
0	1,709,516	1,183,541	(525,975)
0	55,311	12,912	(42,399)
0	88,100	21,000	(67,100)
0	4,999,314	3,270,717	(1,728,597)
0	72,245	19,341	(52,904)
0	1,429,704	925,122	(504,582)
0	208,112	32,475	(175,637)
0	292,881	283,342	(9,539)
0	4,430,851	3,620,723	(810,128)
0	1,100,564	628,905	(471,659)
0	3,737,198	1,485,924	(2,251,274)
0	17,181,366	16,071,548	(1,109,818)
0	26,418	0	(26,418)
0	2,204,434	2,204,434	0

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2a

GENERAL FUNDS
GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Reimbursed expenses	\$ 84,384	\$ 82,491	\$ 0	\$ 82,491
State sources				
General fund equalization aid	10,406,653	10,709,134	10,835,796	(126,662)
Special education equalization aid	1,751,751	2,207,787	2,603,440	(395,653)
Total cash receipts	<u>12,242,788</u>	<u>12,999,412</u>	<u>\$ 13,439,236</u>	<u>\$ (439,824)</u>
Expenditures				
Instruction				
Salaries	4,465,260	5,033,304	\$ 4,646,280	\$ 387,024
Employee benefits	846,635	864,151	1,069,200	(205,049)
Supplies	198,825	200,580	208,540	(7,960)
Student activities	78,887	78,319	80,175	(1,856)
Student support services				
Salaries	242,434	250,703	260,000	(9,297)
Employee benefits	27,658	29,484	35,700	(6,216)
Supplies	3,690	3,400	3,500	(100)
Instruction support staff				
Salaries	396,460	457,158	493,500	(36,342)
Employee benefits	32,901	38,574	37,600	974
Supplies	10,948	11,080	11,326	(246)
General administration				
Salaries	382,705	401,504	410,000	(8,496)
Employee benefits	68,735	70,212	83,200	(12,988)
Purchased professional services	14,157	132,159	25,000	107,159
Other	49,351	52,988	51,000	1,988
School administration				
Salaries	804,223	865,571	882,000	(16,429)
Employee benefits	153,536	160,954	172,000	(11,046)

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2a

GENERAL FUNDS
GENERAL FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Expenditures (continued)				
Operations and maintenance				
Salaries	\$ 477,123	\$ 489,340	\$ 538,000	\$ (48,660)
Employee benefits	103,566	96,590	118,100	(21,510)
Purchased Property Services	96,082	0	0	0
Other supplemental services				
Salaries	215,199	226,265	235,000	(8,735)
Other Purchased Services				
Contracting of Bus Service	0	509,090	550,000	(40,910)
Operating transfers				
Special education	2,016,751	2,238,961	2,603,440	(364,479)
Vocational education	1,799	6,695	0	6,695
Professional development	30,000	10,000	50,000	(40,000)
Capital outlay	175,863	0	0	0
At risk (K-12)	1,250,000	742,083	785,319	(43,236)
Bilingual	20,000	8,247	15,356	(7,109)
Virtual Education	30,000	22,000	75,000	(53,000)
Student material	50,000	0	0	0
Adjustment to comply with				
legal maximum	0	0	(522,315)	522,315
Legal fund budget & expenditures	12,242,788	12,999,412	12,916,921	82,491
Adjustments for qualifying				
budget credits	0	0	82,491	(82,491)
Total expenditures	12,242,788	12,999,412	\$ 12,999,412	\$ 0
Receipts over (under) expenditures	0	0		
Unencumbered cash (deficit), July 1,	0	0		
Unencumbered cash (deficit), June 30,	\$ 0	\$ 0		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2b

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 2,354,817	\$ 2,151,557	\$ 2,142,427	\$ 9,130
Delinquent	34,300	28,682	27,135	1,547
County sources				
Motor vehicle	341,340	306,983	275,506	31,477
Recreational vehicle tax	8,259	7,871	6,642	1,229
Commercial vehicle tax	12,796	14,561	12,464	2,097
State sources				
Supplemental state aid	1,833,233	1,991,339	2,059,111	(67,772)
Other Revenues				
Reimbursements	7,136	0	0	0
Total cash receipts	<u>4,591,881</u>	<u>4,500,993</u>	<u>\$ 4,523,285</u>	<u>\$ (22,292)</u>
Expenditures				
Instruction				
Supplies	127,907	30,817	\$ 155,000	\$ (124,183)
Student activities	27,764	20,199	0	20,199
Equipment	14,948	17,111	11,100	6,011
Other	0	0	20,000	(20,000)
General administration				
Purchased professional services	0	0	2,000	(2,000)
Purchased property services	92,730	6,347	120,000	(113,653)
Other purchased services	210,268	196,707	300,000	(103,293)
Operations and maintenance				
Salaries	194,582	247,120	243,000	4,120
Employee Benefits	29,150	44,526	40,950	3,576
Purchased property services	497,212	498,371	421,963	76,408
Other purchased services	33,972	35,903	39,700	(3,797)
Supplies	822,519	801,313	932,000	(130,687)
Vehicle operating services				
Other purchased services	568,241	0	0	0
Motor fuel	83,593	83,859	100,000	(16,141)
Other supplemental services				
Other purchased services	108,479	100,312	80,000	20,312
Supplies	764	295	5,000	(4,705)
Property	41,995	41,504	25,000	16,504

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2b

GENERAL FUNDS
SUPPLEMENTAL GENERAL LOCAL OPTION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the Year Ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Operating transfers				
Professional Development	\$ 10,000	\$ 22,000	\$ 0	\$ 22,000
Parent Education Program	26,340	26,340	26,340	0
Special Education	1,058,850	1,364,415	1,177,411	187,004
At Risk (K-12)	0	409,890	424,197	(14,307)
Bilingual	0	4,665	7,968	(3,303)
Vocational Education	500,000	581,289	555,626	25,663
Adjustment to comply with legal maximum	<u>0</u>	<u>0</u>	<u>(154,272)</u>	<u>154,272</u>
Legal fund budget & expenditures	<u>4,449,314</u>	<u>4,532,983</u>	<u>\$ 4,532,983</u>	<u>\$ 0</u>
Receipts over (under) expenditures	142,567	(31,990)		
Unencumbered cash, July 1	<u>209,715</u>	<u>352,282</u>		
Unencumbered cash, June 30	\$ <u>352,282</u>	\$ <u>320,292</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2c

SPECIAL PURPOSE FUNDS
ADULT EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over (Under)
Cash Receipts				
State sources				
Adult basic aid	\$ 69,938	\$ 61,006	\$ 61,006	\$ 0
Federal sources				
Adult education aid	158,550	210,274	204,780	5,494
Total cash receipts	228,488	271,280	\$ 265,786	\$ 5,494
Expenditures				
Instruction				
Salaries	127,009	145,459	\$ 156,344	\$ (10,885)
Employee benefits	25,675	26,896	30,816	(3,920)
Other purchased services	7,550	12,677	5,964	6,713
Teaching supplies	17,034	26,545	22,952	3,593
Property	1,920	0	0	0
Student support services				
Salaries	16,164	15,295	15,360	(65)
Other purchased services	3,500	6,246	7,500	(1,254)
General administration				
Salaries	21,832	22,926	22,924	2
Supplies	2,237	7,097	8,500	(1,403)
Operation and maintenance				
Purchased property services	0	0	1,800	(1,800)
Supplies	5,567	8,139	5,000	3,139
Total expenditures	228,488	271,280	\$ 277,160	\$ (5,880)
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	11,374	11,374		
Unencumbered cash, June 30	\$ 11,374	\$ 11,374		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2d

SPECIAL PURPOSE FUNDS
ADULT SUPPLEMENTARY EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Class fees	\$ 2,215	\$ 2,415	\$ 2,000	\$ 415
Miscellaneous	4,433	3,529	37,500	(33,971)
Reimbursements	30,351	13,206	0	13,206
Federal sources				
Adult education aid	0	4,533	0	4,533
Total cash receipts	36,999	23,683	\$ 39,500	\$ (15,817)
Expenditures				
Instruction				
Salaries	2,347	3,732	\$ 45,563	\$ (41,831)
Employee benefits	182	111	270	(159)
Other purchased services	724	1,449	2,500	(1,051)
Supplies	25,365	18,059	34,230	(16,171)
Total expenditures	28,618	23,351	\$ 82,563	\$ (59,212)
Receipts over (under) expenditures	8,381	332		
Unencumbered cash, July 1	34,682	43,063		
Unencumbered cash, June 30	\$ 43,063	\$ 43,395		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2e

SPECIAL PURPOSE FUNDS
AT RISK FUND (K-12)

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Operating transfers				
General fund	\$ 1,250,000	\$ 742,083	\$ 785,319	\$ (43,236)
Supplemental General	0	409,890	424,197	(14,307)
Total cash receipts	1,250,000	1,151,973	\$ 1,209,516	\$ (57,543)
Expenditures				
Instruction				
Salaries	1,136,944	1,027,462	\$ 1,483,516	\$ (456,054)
Employee benefits	35,917	38,024	66,500	(28,476)
Purchased professional services	5,500	6,000	0	6,000
Supplies	22,445	108,438	152,000	(43,562)
Other	0	0	7,500	(7,500)
Instruction support staff				
Purchased professional services	5,000	0	0	0
Transportation				
Other	0	3,617	0	3,617
Total expenditures	1,205,806	1,183,541	\$ 1,709,516	\$ (525,975)
Receipts over (under) expenditures	44,194	(31,568)		
Unencumbered cash, July 1	773,087	817,281		
Unencumbered cash, June 30	\$ 817,281	\$ 785,713		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2f

SPECIAL PURPOSE FUNDS
BILINGUAL EDUCATION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Operating transfers				
Supplemental General	\$ 0	\$ 4,665	\$ 7,968	\$ (3,303)
General fund	<u>20,000</u>	<u>8,247</u>	<u>15,356</u>	<u>(7,109)</u>
Total cash receipts	<u>20,000</u>	<u>12,912</u>	<u>\$ 23,324</u>	<u>\$ (10,412)</u>
Expenditures				
Instruction				
Salaries	17,226	12,823	\$ 55,311	\$ (42,488)
Other purchased services	<u>63</u>	<u>89</u>	<u>0</u>	<u>89</u>
Total expenditures	<u>17,289</u>	<u>12,912</u>	<u>\$ 55,311</u>	<u>\$ (42,399)</u>
Receipts over (under) expenditures	2,711	0		
Unencumbered cash, July 1	<u>29,276</u>	<u>31,987</u>		
Unencumbered cash, June 30	<u>\$ 31,987</u>	<u>\$ 31,987</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2g

SPECIAL PURPOSE FUNDS
VIRTUAL EDUCATION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Miscellaneous	\$ 0	\$ 0	\$ 10,000	\$ (10,000)
Operating transfers				
General fund	30,000	22,000	75,000	(53,000)
Total cash receipts	30,000	22,000	\$ 85,000	\$ (63,000)
Expenditures				
Instruction				
Other Purchased Services	26,950	21,000	\$ 88,100	\$ (67,100)
Total expenditures	26,950	21,000	\$ 88,100	\$ (67,100)
Receipts over (under) expenditures	3,050	1,000		
Unencumbered cash, July 1	50	3,100		
Unencumbered cash, June 30	\$ 3,100	\$ 4,100		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2h

SPECIAL PURPOSE FUNDS
CAPITAL OUTLAY FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 1,102,540	\$ 1,174,533	\$ 1,108,431	\$ 66,102
Delinquent	16,125	13,546	12,665	881
Interest	90,876	223,863	200,000	23,863
Lease	13,822	16,965	0	16,965
Miscellaneous	336,061	32,251	75,000	(42,749)
County sources				
Motor vehicle	143,194	151,429	141,117	10,312
Recreational vehicle	3,501	3,865	3,402	463
Commercial vehicle	6,600	6,920	6,385	535
State Sources				
State aid	358,798	380,972	381,831	(859)
Operating Transfers				
General fund	175,863	0	0	0
Total cash receipts	2,247,380	2,004,344	\$ 1,928,831	\$ 75,513
Expenditures				
Instruction				
Property	401,203	369,340	\$ 4,154,314	\$ (3,784,974)
Operation and maintenance				
Property	2,106,358	2,906,510	835,000	2,071,510
Facility acquisition & construction services				
Architectural and Engineering services	21,005	177	10,000	(9,823)
New building acquisition & construction	405,106	(5,310)	0	(5,310)
Total expenditures	2,933,672	3,270,717	\$ 4,999,314	\$ (1,728,597)
Receipts over (under) expenditures	(686,292)	(1,266,373)		
Unencumbered cash, July 1	4,756,776	4,070,484		
Unencumbered cash, June 30	\$ 4,070,484	\$ 2,804,111		

See Independent Auditor's Report.

Unified School District Number 368, Paola
Paola, Kansas

Schedule 2i

SPECIAL PURPOSE FUNDS
DRIVER TRAINING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Driver education fees	\$ 15,950	\$ 17,525	\$ 21,360	\$ (3,835)
State Sources				
State safety aid	11,136	9,114	11,570	(2,456)
Total cash receipts	27,086	26,639	\$ 32,930	\$ (6,291)
Expenditures				
Instruction				
Salaries	3,251	(50)	\$ 5,000	\$ (5,050)
Employee benefits	3	0	300	(300)
Other Purchased Services	14,300	18,000	20,000	(2,000)
Supplies	316	569	44,945	(44,376)
Operations and maintenance				
Supplies	601	822	2,000	(1,178)
Total expenditures	18,471	19,341	\$ 72,245	\$ (52,904)
Receipts over (under) expenditures	8,615	7,298		
Unencumbered cash, July 1	30,700	39,315		
Unencumbered cash, June 30	\$ 39,315	\$ 46,613		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2j

SPECIAL PURPOSE FUNDS
FOOD SERVICE FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Student meal receipts	\$ 318,744	\$ 315,156	\$ 315,729	\$ (573)
Adult meal receipts	14,249	13,534	199,935	(186,401)
Ala Carte meals	95,479	90,817	21,000	69,817
Interest	264	663	500	163
Reimbursements	19,281	33,355	0	33,355
State sources				
Equalization aid	9,649	8,579	7,697	882
Federal sources				
Child nutrition programs	469,044	401,110	450,406	(49,296)
Total cash receipts	926,710	863,214	\$ 995,267	\$ (132,053)
Expenditures				
Food service operation				
Salaries	466,367	481,570	\$ 501,500	\$ (19,930)
Employee benefits	47,363	50,672	66,267	(15,595)
Other purchased services	(1,557)	7,833	4,500	3,333
Supplies	378,139	362,393	827,937	(465,544)
Property	70,330	17,120	23,000	(5,880)
Other	5,583	5,534	6,500	(966)
Total expenditures	966,225	925,122	\$ 1,429,704	\$ (504,582)
Receipts over (under) expenditures	(39,515)	(61,908)		
Unencumbered cash, July 1	473,953	434,438		
Unencumbered cash, June 30	\$ 434,438	\$ 372,530		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2k

SPECIAL PURPOSE FUNDS
PROFESSIONAL DEVELOPMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
State Sources				
State aid	\$ 5,920	\$ 4,747	\$ 6,250	\$ (1,503)
Operating transfers				
General	30,000	10,000	50,000	(40,000)
Supplemental General	<u>10,000</u>	<u>22,000</u>	<u>0</u>	<u>22,000</u>
Total cash receipts	<u>45,920</u>	<u>36,747</u>	<u>\$ 56,250</u>	<u>\$ (19,503)</u>
Expenditures				
Student support services				
Purchased professional and technical services	\$ <u>37,356</u>	\$ <u>32,475</u>	\$ <u>208,112</u>	\$ <u>(175,637)</u>
Total expenditures	<u>37,356</u>	<u>32,475</u>	<u>\$ 208,112</u>	<u>\$ (175,637)</u>
Receipts over (under) expenditures	8,564	4,272		
Unencumbered cash, July 1	<u>143,298</u>	<u>151,862</u>		
Unencumbered cash, June 30	<u>\$ 151,862</u>	<u>\$ 156,134</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 21

SPECIAL PURPOSE FUNDS
PARENT EDUCATION PROGRAM FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Other district payments	\$ 68,045	\$ 70,240	\$ 68,045	\$ 2,195
Other revenue from Local	3,000	2,000	3,000	(1,000)
State sources				
Parent education aid	196,116	184,762	181,781	2,981
Federal sources				
Federal Aid	50,438	0	0	0
Operating transfers				
Supplemental general	26,340	26,340	26,340	0
Total cash receipts	343,939	283,342	\$ 279,166	\$ 4,176
Expenditures				
Student support services				
Salaries	180,168	190,300	\$ 186,000	\$ 4,300
Employee benefits	28,202	30,937	38,429	(7,492)
Purchased prof & tech services	11,348	14	0	14
Other purchased services	16,722	17,008	19,800	(2,792)
Supplies	9,738	1,695	1,400	295
Property	28,631	11,922	4,000	7,922
Other	69,130	31,466	43,252	(11,786)
Total expenditures	343,939	283,342	\$ 292,881	\$ (9,539)
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	13,715	13,715		
Unencumbered cash, June 30	\$ 13,715	\$ 13,715		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2m

SPECIAL PURPOSE FUNDS
SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Other	\$ 62,631	\$ 78,814	\$ 150,000	\$ (71,186)
Operating transfers				
General	2,016,751	2,238,961	2,603,440	(364,479)
Supplemental general	1,058,850	1,364,415	1,177,411	187,004
Total cash receipts	3,138,232	3,682,190	\$ 3,930,851	\$ (248,661)
Expenditures				
Instruction				
Salaries	31,000	26,646	\$ 35,000	\$ (8,354)
Other purchased services	2,422,560	3,142,576	3,340,851	(198,275)
Supplies	351	284	501,000	(500,716)
Vehicle operating services				
Salaries	724	(616)	2,500	(3,116)
Employee benefits	2,264	1,991	3,000	(1,009)
Purchased property services	376,409	440,896	528,500	(87,604)
Other purchased services	8,084	8,946	20,000	(11,054)
Total expenditures	2,841,392	3,620,723	\$ 4,430,851	\$ (810,128)
Receipts over (under) expenditures	296,840	61,467		
Unencumbered cash, July 1	1,943,945	2,240,785		
Unencumbered cash, June 30	\$ 2,240,785	\$ 2,302,252		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2n

SPECIAL PURPOSE FUNDS
VOCATIONAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Reimbursements	\$ 37,919	\$ 24,169	\$ 5,000	\$ 19,169
Miscellaneous	0	0	5,000	(5,000)
State sources				
State aid	3,043	11,325	2,524	8,801
Federal sources				
Vocational aid	0	0	32,414	(32,414)
Operating transfers				
General	1,799	6,695	0	6,695
Supplemental general	500,000	581,289	555,626	25,663
Total cash receipts	542,761	623,478	\$ 600,564	\$ 22,914
Expenditures				
Instruction				
Salaries	390,776	455,336	\$ 929,400	\$ (474,064)
Employee benefits	54,959	65,754	69,500	(3,746)
Purchased professional				
& technical services	0	0	9,207	(9,207)
Other purchased services	5,893	5,213	5,149	64
Supplies	48,058	56,599	45,896	10,703
Property	0	0	6,412	(6,412)
Other	0	0	1,000	(1,000)
Operations and maintenance				
Purchased property services	2,420	2,183	4,000	(1,817)
Student transportation				
Other	22,806	43,820	30,000	13,820
Total expenditures	524,912	628,905	\$ 1,100,564	\$ (471,659)
Receipts over (under) expenditures	17,849	(5,427)		
Unencumbered cash, July 1	981,563	999,412		
Unencumbered cash, June 30	\$ 999,412	\$ 993,985		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2o

SPECIAL PURPOSE FUNDS
KANSAS PUBLIC RETIREMENT SYSTEM

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
State sources				
State aid	\$ 2,558,848	\$ 1,485,924	\$ 3,737,198	\$ (2,251,274)
Total cash receipts	<u>2,558,848</u>	<u>1,485,924</u>	<u>\$ 3,737,198</u>	<u>\$ (2,251,274)</u>
Expenditures				
Instruction				
Employee benefits	2,036,750	1,184,768	\$ 3,001,847	\$ (1,817,079)
Student support				
Employee benefits	143,168	81,746	201,929	(120,183)
Instructional support				
Employee benefits	47,553	29,165	68,434	(39,269)
General administration				
Employee benefits	75,035	46,131	103,935	(57,804)
School administration				
Employee benefits	98,759	55,722	138,820	(83,098)
Other supplemental services				
Employee benefits	27,781	15,386	37,146	(21,760)
Maintenance				
Employee benefits	80,328	47,570	105,405	(57,835)
Student transportation services				
Employee benefits	125	64	0	64
Food service				
Employee benefits	<u>49,349</u>	<u>25,372</u>	<u>79,682</u>	<u>(54,310)</u>
Total expenditures	<u>2,558,848</u>	<u>1,485,924</u>	<u>\$ 3,737,198</u>	<u>\$ (2,251,274)</u>
Receipts over (under) expenditures	0	0		
Unencumbered cash, July 1	<u>0</u>	<u>0</u>		
Unencumbered cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2p

SPECIAL PURPOSE FUNDS
CO-OP SPECIAL EDUCATION FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Other districts payments	\$ 9,103,364	\$ 9,998,064	\$ 9,961,987	\$ 36,077
USD 368 payments	2,103,082	2,833,757	3,905,851	(1,072,094)
Interest	9,605	25,199	25,000	199
Reimbursements	483,485	574,886	0	574,886
State sources				
Greenbush	223,478	308,819	0	308,819
Federal sources				
Title VI B	1,795,861	1,786,794	1,788,528	(1,734)
Medicaid	425,830	368,762	500,000	(131,238)
Total cash receipts	<u>14,144,705</u>	<u>15,896,281</u>	<u>\$ 16,181,366</u>	<u>\$ (285,085)</u>
Expenditures				
Instruction				
Salaries	10,951,781	11,621,385	\$ 11,853,280	\$ (231,895)
Employee benefits	1,808,285	2,145,145	2,107,000	38,145
Purchased professional services	0	35,550	307,086	(271,536)
Other purchased services	721,837	851,874	540,000	311,874
Supplies	94,027	162,244	1,087,000	(924,756)
Student support services				
Salaries	731,066	768,164	800,000	(31,836)
Special area administrative services				
Salaries	197,782	298,054	211,500	86,554
Operations and maintenance				
Purchased professional services	9,970	9,000	15,000	(6,000)
Purchased property services	1,252	1,333	4,000	(2,667)
Other purchased services	73,482	70,871	115,000	(44,129)
Vehicle operating service				
Other purchased services	101,067	99,707	130,500	(30,793)
Supplies	<u>7,356</u>	<u>8,221</u>	<u>11,000</u>	<u>(2,779)</u>
Total expenditures	<u>14,697,905</u>	<u>16,071,548</u>	<u>\$ 17,181,366</u>	<u>\$ (1,109,818)</u>
Receipts over (under) expenditures	(553,200)	(175,267)		
Unencumbered cash, July 1	<u>2,199,288</u>	<u>1,646,088</u>		
Unencumbered cash, June 30	<u>\$ 1,646,088</u>	<u>\$ 1,470,821</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2q

SPECIAL PURPOSE FUNDS
SPECIAL ASSESSMENT FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		<u>2018</u>		
	<u>2018</u>	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Cash Receipts	Actual			Over
Local sources				(Under)
Ad valorem property	\$ 1	\$ 0	\$ 0	\$ 0
Delinquent tax	74	9	0	9
County sources				
Motor vehicle	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total cash receipts	<u>77</u>	<u>9</u>	<u>\$ 0</u>	<u>\$ 9</u>
Expenditures				
Facilities acquisition				
Site improvement services	<u>0</u>	<u>0</u>	<u>\$ 26,418</u>	<u>\$ (26,418)</u>
Receipts over (under) expenditures	77	9		
Unencumbered cash, July 1	<u>26,342</u>	<u>26,419</u>		
Unencumbered cash, June 30	<u>\$ 26,419</u>	<u>\$ 26,428</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2r

SPECIAL PURPOSE FUNDS
TITLE I

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the year ended June 30, 2019
(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Cash Receipts		
Federal sources		
Grant	\$ 320,954	\$ 334,169
Expenditures		
Instruction		
Salaries	267,978	283,861
Employee benefits	45,757	47,525
Purchased professional services	1,500	1,500
Student support services		
Other purchased services	<u>5,719</u>	<u>1,283</u>
Total expenditures	<u>320,954</u>	<u>334,169</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	<u>\$ 0</u>	<u>\$ 0</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2s

SPECIAL PURPOSE FUNDS
TITLE II A TEACHER QUALITY IMPROVEMENT GRANT

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Cash Receipts		
Federal sources		
Grants	\$ <u>51,817</u>	\$ <u>43,340</u>
Expenditures		
Instruction		
Salaries	39,788	20,801
Purchased professional & technical services	<u>12,029</u>	<u>22,539</u>
Total expenditures	<u>51,817</u>	<u>43,340</u>
Receipts over (under) expenditures	0	0
Unencumbered cash, July 1	<u>0</u>	<u>0</u>
Unencumbered cash, June 30	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2t

SPECIAL PURPOSE FUNDS
VOCATIONAL EDUCATION - CARL PERKINS GRANT

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Cash Receipts		
Federal sources		
Grant	\$ 31,889	\$ 32,414
 Expenditures		
Instruction		
Salaries	1,565	1,400
Supplies	10,116	15,395
Professional development	6,116	9,207
Property	<u>14,092</u>	<u>6,412</u>
 Total expenditures	<u>31,889</u>	<u>32,414</u>
 Receipts over (under) expenditures	0	0
 Unencumbered cash, July 1	<u>0</u>	<u>0</u>
 Unencumbered cash, June 30	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2u

SPECIAL PURPOSE FUNDS
CONTINGENCY RESERVE

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	2018 Actual	2019 Actual
Cash Receipts		
Operating transfers		
General Fund	\$ 0	\$ 0
Expenditures		
Health care services	0	147,374
Receipts over (under) expenditures	0	(147,374)
Unencumbered cash, July 1	1,144,000	1,144,000
Unencumbered cash, June 30	\$ 1,144,000	\$ 996,626

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2v

SPECIAL PURPOSE FUNDS
STUDENT MATERIAL REVOLVING FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Cash Receipts		
Local sources		
Rental fees	\$ 150,075	\$ 155,297
Federal sources		
Federal Aid	150	0
Operating transfers		
General	<u>50,000</u>	<u>0</u>
Total revenue	<u>200,225</u>	<u>155,297</u>
Expenditures		
Instruction		
Textbook purchases	<u>181,093</u>	<u>320,736</u>
Receipts over (under) expenditures	19,132	(165,439)
Unencumbered cash, July 1	<u>536,148</u>	<u>555,280</u>
Unencumbered cash, June 30	<u>\$ 555,280</u>	<u>\$ 389,841</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2w

BOND & INTEREST FUNDS
BOND & INTEREST FUND

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET
REGULATORY BASIS

For the year ended June 30, 2019

(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

		2019		Variance
	2018	Actual	Budget	Over
	Actual			(Under)
Cash Receipts				
Local sources				
Ad valorem property	\$ 1,448,225	\$ 1,746,774	\$ 1,647,357	\$ 99,417
Delinquent	23,529	18,998	16,533	2,465
Other	4,998	0	0	0
County sources				
Motor vehicle	193,634	223,018	223,326	(308)
Recreational vehicle	4,796	4,510	5,384	(874)
Commercial vehicle	10,993	9,409	10,104	(695)
In lieu of taxes IRBs	0	1,122	0	(222,204)
State sources				
Equalization aid	566,090	705,419	705,419	705,419
Total cash receipts	<u>2,252,265</u>	<u>2,709,250</u>	<u>\$ 2,608,123</u>	<u>\$ 583,220</u>
Expenditures				
Debt service				
Bond principal	1,220,000	1,675,000	\$ 1,675,000	\$ 0
Interest	<u>549,032</u>	<u>529,434</u>	<u>529,434</u>	<u>0</u>
Total expenditures	<u>1,769,032</u>	<u>2,204,434</u>	<u>\$ 2,204,434</u>	<u>\$ 0</u>
Receipts over (under) expenditures	483,233	504,816		
Unencumbered cash, July 1,	<u>2,883,748</u>	<u>3,366,981</u>		
Unencumbered cash, June 30,	<u>\$ 3,366,981</u>	<u>\$ 3,871,797</u>		

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2x

CAPITAL PROJECT FUNDS
CONSTRUCTION

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the year ended June 30, 2019
(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	2018 Actual	2019 Actual
Cash Receipts		
Local sources		
Transfers from capital outlay	\$ 0	\$ 0
Total cash receipts	0	0
Expenditures		
Construction		
Architect fees - phase 2	14,392	0
Owner Provided Equipment - phase 2	23	0
Biology Lab/Greenhous	(9,003)	0
Industrial Park Building	268,172	0
Total expenditures	273,584	0
Receipts over (under) expenditures	(273,584)	0
Unencumbered cash, July 1	273,584	0
Unencumbered cash, June 30	\$ 0	\$ 0

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2y

BUSINESS TYPE FUNDS
HEALTH INSURANCE

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS
For the year ended June 30, 2019
(With Comparative Actual Totals for the Prior Year Ended June 30, 2018)

	<u>2018</u> <u>Actual</u>	<u>2019</u> <u>Actual</u>
Cash Receipts		
Local sources		
Interest	\$ 5,080	\$ 6,111
Miscellaneous income	603	346,826
Reimbursements	<u>2,258,577</u>	<u>2,684,954</u>
Total cash receipts	<u>2,264,260</u>	<u>3,037,891</u>
Expenditures		
General		
Claims	2,430,340	2,380,235
Administrative fees	<u>421,532</u>	<u>492,743</u>
Total expenditures	<u>2,851,872</u>	<u>2,872,978</u>
Receipts over (under) expenditures	(587,612)	164,913
Unencumbered cash, July 1	<u>766,296</u>	<u>178,684</u>
Unencumbered cash, June 30	<u>\$ 178,684</u>	<u>\$ 343,597</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 2z

TRUST TYPE FUNDS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL
REGULATORY BASIS

For the year ended June 30, 2019

<u>Expendable Scholarship Trust Funds</u>	Beginning Unencumbered Cash	Cash Receipts	Expenditures	Ending Unencumbered Cash
Greason Scholarship	\$ 1,850	\$ 53	\$ 53	\$ 1,850
Humphrey Scholarship	10,012	203	200	10,015
Darland Scholarship	4,531	122	101	4,552
Hileman Scholarship	7,531	205	200	7,536
Charitable Foundation Scholarship	37,855	56,686	36,412	58,129
Panther Friends Scholarship	14,375	2,152	0	16,527
Cops for Tots Scholarship	4,706	0	0	4,706
Serving our Students Scholarship	33,502	10,367	6,122	37,747
Miami Co Med Center Scholarship	6,849	5,000	3,639	8,210
Total Expendable Scholarship Trust Funds	\$ <u>121,211</u>	\$ <u>74,788</u>	\$ <u>46,727</u>	\$ <u>149,272</u>
<u>Permanent Trust Funds</u>	Beginning Unencumbered Cash	Cash Receipts	Expenditures	Ending Unencumbered Cash
Cook Scholarship	\$ <u>258,094</u>	\$ <u>5,955</u>	\$ <u>5,955</u>	\$ <u>258,094</u>
Total Permanent Scholarship Trust Funds	<u>258,094</u>	<u>5,955</u>	<u>5,955</u>	<u>258,094</u>
Total Trust Funds	\$ <u>379,305</u>	\$ <u>80,743</u>	\$ <u>52,682</u>	\$ <u>407,366</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 3

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the year ended June 30, 2019

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Expenditures</u>	<u>Ending Cash Balance</u>
Sunflower Elementary School				
Student Council	\$ 459	\$ 1,278	\$ 1,051	\$ 686
Miscellaneous	1,502	857	806	1,553
PTO	2,991	11,777	2,016	12,752
Donations	<u>3,877</u>	<u>4,126</u>	<u>4,086</u>	<u>3,917</u>
 Total Sunflower Elementary	 <u>8,829</u>	 <u>18,038</u>	 <u>7,959</u>	 <u>18,908</u>
 Paola Middle School				
Box Tops for Education	\$ 2,571	\$ 0	\$ 0	\$ 2,571
Student Council	1,261	224	860	625
Target (rebates)	449	631	1,061	19
Band	1,295	0	684	611
Drama/Scholarship	1,384	0	1,000	384
Donations	1,365	250	0	1,615
Promotions	356	2,157	2,250	263
PMS Vocal Music	2,175	0	0	2,175
Magazine Sales	16,242	18,747	17,493	17,496
Miscellaneous	3,840	11,769	11,960	3,649
Scholastic	210	2,476	2,505	181
Love to Learn	250	0	0	250
F.I.R.S.T. LEGO	1,221	0	0	1,221
Kansas Association	1,401	1,632	1,993	1,040
Cheerleaders	2,482	80	2,403	159
Students Against Drunk Drivers	286	0	0	286
Athletic Donations	<u>1,612</u>	<u>0</u>	<u>1</u>	<u>1,611</u>
 Total Paola Middle School	 <u>38,400</u>	 <u>37,966</u>	 <u>42,210</u>	 <u>34,156</u>

Unified School District Number 368
Paola, Kansas

Schedule 3

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the year ended June 30, 2019

	Beginning Cash Balance	Cash Receipts	Cash Expenditures	Ending Cash Balance
Paola High School				
Athletic Donations	\$ 786	\$ 6,195	\$ 3,795	\$ 3,186
F.B.L.A.	607	1,335	1,162	780
Band	16,497	7,463	15,829	8,131
Class of 2018	756	0	756	0
Class of 2019	5,052	3,149	8,050	151
Class of 2020	2,921	6,285	5,694	3,512
Class of 2021	1,068	1,303	0	2,371
Class of 2022	0	1,152	0	1,152
F.C.A.	67	0	0	67
F.F.A.	4,910	30,460	31,351	4,019
FCCLA	370	1,906	1,298	978
Advertising	700	2,200	0	2,900
Kansas Associates	595	153	280	468
Madrigals Club	8,909	869	2,377	7,401
National Honor Society	512	196	554	154
Rat Pack	0	937	937	0
Robotics	19,702	14,632	16,024	18,310
Scholar Bowl	960	2,734	2,046	1,648
Scholarships	338	500	0	838
Spirit Club	4,343	11,318	8,504	7,157
S.A.D.D.	815	500	375	940
Student Council	390	9,098	9,271	217
Counseling Donations	661	468	487	642
Drama Club	0	5,782	4,109	1,673
Flag Team Club	257	0	175	82
ACE/Football	3,763	12,971	10,174	6,560
Thespian Club	2,353	16,139	17,602	890
Drill Team	1,864	4,369	5,744	489
Reporter	50	4,139	4,123	66
Grant/Ward	422	3,100	62	3,460
Photography	54	0	54	0
Miscellaneous	209	5,158	5,216	151
Baseball	1,436	16,550	6,749	11,237
Cross Country	5	5,129	1,458	3,676
Softball	5,826	3,840	911	8,755
Girls Basketball	2,892	3,287	4,423	1,756
Boys Basketball	1,034	2,594	520	3,108
Volleyball	2,919	3,980	4,069	2,830
Wrestling	618	8,239	3,396	5,461
Culinary Arts	44	299	136	207
Breakfast Club	215	0	115	100

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 3

AGENCY FUNDS
STUDENT ORGANIZATION FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND CASH BALANCES
REGULATORY BASIS
For the year ended June 30, 2019

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Expenditures</u>	<u>Ending Cash Balance</u>
Paola High School - continued				
SKILLSUSA Club	\$ 0	\$ 8,239	\$ 5,409	\$ 2,830
Donations	51	883	921	13
	<u>94,971</u>	<u>207,551</u>	<u>184,156</u>	<u>118,366</u>
Total Paola High School				
Cottonwood Elementary School				
Donations	13	5,456	4,107	1,362
PTO	1,053	10,181	239	10,995
Night at the Museum	3,171	6,734	8,473	1,432
Science Department	14	0	0	14
Lowes Education	206	0	0	206
	<u>4,457</u>	<u>22,371</u>	<u>12,819</u>	<u>14,009</u>
Total Cottonwood Elementary				
Adult Education Center				
Miscellaneous	37	0	37	0
	<u>1,915</u>	<u>897</u>	<u>1,581</u>	<u>1,231</u>
Panther Robotics				
	<u>1,915</u>	<u>897</u>	<u>1,581</u>	<u>1,231</u>
Total All Schools	\$ <u>148,609</u>	\$ <u>286,823</u>	\$ <u>248,762</u>	\$ <u>186,670</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 4

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES
REGULATORY BASIS

For the year ended June 30, 2019

	Unencumbered Cash Balance Beginning	Cash Receipts	Expenditures	Unencumbered Cash Balance Ending
Sunflower Elementary School				
Fees and User Charges				
Activity	\$ 0	\$ 1,770	\$ 1,770	\$ 0
Endowment Grant-Roma	0	3,100	2,213	887
Field Trips	0	2,658	2,658	0
Library	0	42	42	0
Vending	0	55	55	0
Yearbook	0	4,216	4,199	17
Sales Tax	0	243	243	0
Petty Cash	0	500	500	0
Total	0	12,584	11,680	904
Paola Middle School				
Gate Receipts				
Athletics	2,500	26,914	26,914	2,500
Fees and User Charges				
Activities	0	3,260	3,260	0
Chromebook	0	946	946	0
Concessions	250	2,140	2,140	250
Roman-B Mini-Grant	0	2,475	2,475	0
Vending	0	1,029	1,029	0
Yearbook	0	6,276	6,276	0
Petty Cash	0	500	500	0
Sales Tax	0	1,447	1,447	0
Pay to Participate	0	8,675	2,311	6,364
Total	250	26,748	20,384	6,614
Paola High School				
Fees and User Charges				
Art Fees	0	5,885	5,885	0
Tech Fees	0	2,325	2,325	0
Chromebook Repairs	0	969	969	0
Concessions	2,793	16,959	16,087	3,665
Book	0	3,127	3,127	0
Drivers Education	0	13,110	13,110	0
Leadership Class	1,000	5,156	5,156	1,000
IHT	282	850	300	832
Pay to Participate	0	15,029	15,029	0
Vending	58	247	217	88

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

DISTRICT ACTIVITY FUNDS

SCHEDULE OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH BALANCES
REGULATORY BASIS

For the year ended June 30, 2019

	Unencumbered Cash Balance Beginning	Cash Receipts	Expenditures	Unencumbered Cash Balance Ending
Paola High School				
Fees and User Charges				
Vocational Ag	\$ 0	\$ 1,244	\$ 1,244	\$ 0
Woodworking	0	4,520	4,520	0
Sales Tax	0	10,597	10,597	0
Roman Barnard	0	3,090	3,090	0
Strength Club	708	1,280	1,090	898
Media Center	0	86	86	0
Yearbook Fees	0	48,574	48,574	0
Athletics	0	8,387	8,387	0
Drama/Play	138	7,751	7,508	381
Petty Cash	0	1,021	1,021	0
	<u>4,979</u>	<u>150,207</u>	<u>148,322</u>	<u>6,864</u>
Total				
	<u>4,979</u>	<u>150,207</u>	<u>148,322</u>	<u>6,864</u>
Gate Receipts	<u>5,999</u>	<u>73,448</u>	<u>72,431</u>	<u>7,016</u>
Cottonwood Elementary School				
Fees and User Charges				
Petty Cash	0	260	260	0
Field Trips	0	6,495	6,343	152
Library	0	554	554	0
Miscellaneous	0	390	240	150
Roman-B Mini-Grant	0	3,200	3,200	0
Sales Tax	0	198	198	0
Teacher of the Year	0	500	500	0
Vending	0	622	570	52
Yearbook	0	2,222	2,222	0
Activities	0	1,745	1,519	226
	<u>0</u>	<u>16,186</u>	<u>15,606</u>	<u>580</u>
Administration Activity Fund				
Fees and charges	<u>2,674</u>	<u>4,056</u>	<u>4,356</u>	<u>2,374</u>
Total All Schools	\$ <u>16,402</u>	\$ <u>310,143</u>	\$ <u>299,693</u>	\$ <u>26,852</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 5

RELATED MUNICIPAL ENTITY
ENDOWMENT TRUSTS

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDING BALANCES
REGULATORY BASIS
For the year ended June 30, 2019

Endowment Fund Scholarships	Beginning Balance	Cash Receipts	Cash Expenditures	Ending Balance
Bea Mount	\$ 93,564	\$ (4,638)	\$ 3,751	\$ 85,175
Carl Gump	165,634	386	10,619	155,401
William & Carol Young	239,492	(15,529)	9,000	214,963
Derek Leis	11,687	(255)	1,000	10,432
Edna Patterson	270,108	(17,442)	9,999	242,667
McLaughlin/Boyd/Emery	45,661	(2,949)	2,000	40,712
Myrtle Haug	33,029	(1,665)	1,500	29,864
Evening Lions	21,279	(1,374)	1,000	18,905
Rotary Scholars	22,595	(459)	2,000	20,136
McNelly Scholars	5,157	(333)	200	4,624
Nettie Hook	82,468	(5,261)	2,645	74,562
Walter and Lucille Smith	20,782	(1,384)	0	19,398
Schwartz Family	57,567	(3,717)	2,800	51,050
Vivian Kircher	10,775	(696)	400	9,679
Hillsdale Elementary	12,094	(781)	500	10,813
USD #368 Endowment	47,404	27,033	29,540	44,897
Jesse Barker	30,877	(1,994)	1,400	27,483
Quincy Hipp	9,156	(217)	800	8,139
Tracy Kohl	6,371	(412)	500	5,459
Stockwell	21,141	(1,365)	900	18,876
Frances Balocca	0	4,000	4,000	0
Roman/Barnard	227,414	(13,049)	11,700	202,665
Ralph and Ersa Wilcox Rossman	30,230	(1,952)	679	27,599
Ellyn Reynolds	342,324	(22,234)	13,000	307,090
Chloe Hays	1,856	(120)	0	1,736
Darrel Hurlbut	15,864	(1,024)	700	14,140
Kevin Armstrong	7,154	5	350	6,809
Diana Green	6,421	73	201	6,293
Kirk Wilson	19,578	(1,264)	700	17,614
W.C. Hartley	17,164	(1,108)	800	15,256
Carl Buchman	51,820	(3,378)	2,501	45,941
Vest Family	446,931	(28,989)	18,000	399,942
E. J. Meeks	59,819	(3,864)	2,500	53,455
Paola County	3,386	(218)	1,000	2,168
5 for 5	378	158	0	536
Dr. Robert Banks	20,730	(1,338)	1,000	18,392
PEO Sisterhood	18,163	(137)	1,000	17,026
Nada Thoden Memorial	12,602	(378)	0	12,224
Wendell & Louses Winkler	11,778	754	500	12,032
Steff (Knecht)	5,312	5,334	1,000	9,646

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

Schedule 5

RELATED MUNICIPAL ENTITY
ENDOWMENT TRUSTS

SCHEDULE OF RECEIPTS, EXPENDITURES AND ENDING BALANCES
REGULATORY BASIS
For the year ended June 30, 2019

Endowment Fund Scholarships	<u>Beginning Balance</u>	<u>Cash Receipts</u>	<u>Cash Expenditures</u>	<u>Ending Balance</u>
Nevious Scholars	\$ 20,000	\$ (1,226)	\$ 1,000	\$ 17,774
Dennis A Kurteng	55,843	(3,605)	2,500	49,738
Lee Technical Education	0	49,478	0	49,478
Arky & Verla Thomas	0	1,000	0	1,000
Larry McGee Memorial	0	4,385	0	4,385
Interest	559	809	1,035	333
Dividends	24,170	145,196	143,008	26,358
Stock Gains/Losses	(52,426)	(84,508)	(278,175)	141,241
Administration	(1,272)	5,487	2,864	1,351
	<u>\$ 2,552,639</u>	<u>\$ 15,235</u>	<u>\$ 12,417</u>	<u>\$ 2,555,457</u>

See Independent Auditor's Report.

Unified School District Number 368
Paola, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

Federal Grant	Federal	Pass		
Pass Through Grantor/Program Title	CFDA	Through	Revenues	Expenditures
	Number	Grantor's		
		Number		
U.S. Department of Education				
<u>Pass Through Kansas Department of Education</u>				
Special Ed Cluster				
Special Education Grants to States	84.027	N/A	\$ 1,731,143	\$ 1,731,143
Special Education Preschool	84.173	N/A	55,651	55,651
Total Special Education Cluster			1,786,794	1,786,794
Title I Grants to Local Education Agencies	84.010	DO368	310,938	310,938
Vocational Education	84.048	N/A	32,414	32,414
Title IIA Improving Teacher Quality	84.367	DO368	43,340	43,340
Student Support & Academic Enrichment	84.424	N/A	23,231	23,231
<u>Pass Through Kansas Board of Regents</u>				
Adult Education	84.002	N/A	210,274	210,274
Total U.S. Department of Education			2,406,991	2,406,991
U.S. Department of Agriculture				
<u>Pass Through Kansas Department of Education</u>				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A	73,404	73,404
National School Lunch Program	10.555	N/A	279,537	279,537
Cash for Commodities	10.555	N/A	40,864	40,864
Summer Food Program for Children	10.559	N/A	7,305	7,305
Total Child Nutrition Cluster			401,110	401,110
State Administrative Expenses	10.560	N/A	1,500	1,500
Total U.S. Department of Agriculture			402,610	402,610
U.S. Department of Health and Human Services				
<u>Pass Through Kansas Department of Education</u>				
Youth Risk Behavior Survey	93.079		157	157
Total U.S. Department of Health & Human Services			157	157
Total revenues and expenditures of federal awards			\$ 2,809,758	\$ 2,809,758

The District did not provide federal awards to sub recipients for the year ended June 30, 2019

See accompanying notes to this schedule.

Unified School District Number 368
Paola, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2019

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Unified School District Number 368 under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of Unified School District Number 368, it is not intended to and does not present the summary of receipts, expenditures and unencumbered cash of Unified School District Number 368.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule of Expenditures of Federal Awards are reported based upon the Kansas Municipal Audit and Accounting Guide.

NOTE C. INDIRECT COST RATE

Unified School District Number 368 did not use the standard indirect cost rate of 10%.

SPECIAL REPORTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Unified School District Number 368
Paola, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Unified School District Number 368 as of and for the year ended June 30, 2019, and the related notes to the financial statement, which comprise the District's regulatory basis financial statements and have issued our report thereon dated September 13, 2019. The District prepares its financial statements on a regulatory basis of accounting which demonstrates compliance with *Kansas Municipal Audit and Accounting Guide*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing our opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

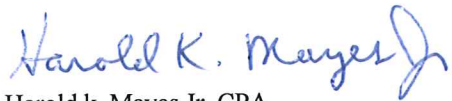
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Harold K. Mayes Jr." with a stylized flourish at the end.

Harold k. Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas

September 13, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Unified School District Number 368
Paola, Kansas

Report on Compliance for Each Major Federal Program

We have audited Unified School District Number 368's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on each Major Federal Program

In our opinion, the District complied in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

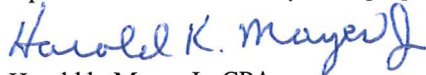
Report Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based upon requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Harold k. Mayes Jr. CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas

September 13, 2019

Unified School District Number 368
Paola, Kansas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP	<u>Adverse</u>
Type of report the auditor issued on whether the financial statement audited was prepared in accordance with regulatory basis	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses:	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses:	<u>None noted</u>
Type of auditor's report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal awards	<u>No</u>

Identification of major programs:

<u>CFDA Number's</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
Special Ed Cluster		
84.027	Special Education EHC Flo-thru	\$ 1,731,143
84.173	Special Education Preschool	55,651
		<u>\$ 1,786,794</u>
Child Nutrition Cluster		
10.553	School Breakfast Program	\$ 73,404
10.555	National School Lunch Program	279,537
10.555	Cash for Commodities	40,864
10.559	Summer Food Program for Children	7,305
		<u>\$ 401,110</u>
Dollar threshold used to distinguish between Type A and Type B programs		<u>\$ 750,000</u>
Auditee qualified as a low-risk auditee?		No